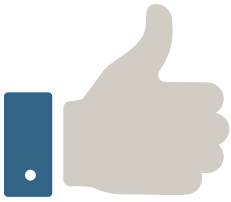




# Looking for tax-free income?

Log on to [vanguard.com/retirementplans](https://www.vanguard.com/retirementplans) to start making Roth contributions.





Wouldn't it be great to have some money in retirement that won't be taxed? Well, actually you can by making Roth contributions to your employer's retirement plan.

## Here's how it works

With Roth, you pay taxes on your contributions today, but never again. That's because you can make tax-free withdrawals of your contributions—plus any earnings—as long as you meet two conditions:

- You are at least age 59½ when you take the withdrawal.
- You made your first Roth contribution at least five years ago.

## Pre-tax vs. Roth

With pre-tax contributions, you don't pay taxes on your contributions today—you pay them at withdrawal instead. With Roth contributions, it's just the opposite.

	Contributions ↓	Investment growth ↓	Withdrawals ↓
Roth	Taxable	<b>Tax-free</b>	<b>Tax-free</b>
Pre-tax	Tax-deferred	Tax-deferred	Taxable

## Is Roth right for you?

Typically, Roth contributions could be a good option if:

- **You're just starting out in your career.** You may be in a higher tax rate when you retire, so paying taxes today could save money in the long run.
- **You are not eligible for a Roth IRA.** Unlike a Roth IRA, there are no income limits preventing you from making Roth contributions to your employer's plan.

- **You want peace of mind.** Whatever the future holds, you'll have access to tax-free income. No need to worry about finding extra money to pay the tax bill.

Of course, everyone's situation is different. Contact a tax advisor or check out the Roth assessment tool at [vanguard.com/rothcontributions](https://www.vanguard.com/rothcontributions).

## On the fence?

If you're not sure you want to dive right in to Roth, don't worry—it's not an all-or-nothing situation. You can contribute some Roth money and some pre-tax money. And you can change your contributions at any time, so you're never locked in to one choice.

Plus, if your employer makes matching contributions, they'll be made with pre-tax dollars. So you could benefit from having both pre-tax and after-tax savings in your account.

Even a small Roth contribution (as little as 1% of your pay) may have its advantages. The five-year clock to make tax-free withdrawals starts on January 1 of the year you contribute your first Roth dollar.

### WANT TO MAKE THE SWITCH TO ROTH?

Simply log on to your account at [vanguard.com/retirementplans](https://www.vanguard.com/retirementplans) or call us at **800-523-1188** to start making Roth contributions today.

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## Participant Education

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**Connect with Vanguard®** > [vanguard.com/retirementplans](https://vanguard.com/retirementplans) > 800-523-1188

*Whenever you invest, there's a chance you could lose the money.*

**Tax implications:** You will be responsible for paying any federal, state, local, or foreign taxes on a distribution or withdrawal from pre-tax accounts. A distribution or withdrawal of Roth 401(k) earnings is usually also taxable unless the initial Roth contribution was made more than five years ago and you are at least age 59½. Early withdrawals may be subject to a 10% federal penalty tax. To the extent required by law, Vanguard will make the appropriate withholding for tax purposes.



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